

No. 9148

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
UGANDA**

**Development Credit Agreement – *Uganda Tea Growers Corporation Project* (with annexed Credit Regulations No. 1, as amended, and Project Agreement between the Association and the Uganda Tea Growers Corporation).  
Signed at Washington, on 15 September 1967**

*Official text : English.*

*Registered by the International Development Association on 5 July 1968.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
OUGANDA**

**Contrat de crédit de développement – *Projet relatif à la Société des producteurs de thé de l'Ouganda* (avec, en annexe, le Règlement n° 1 sur les crédits de développement, tel qu'il a été modifié, et le Contrat de projet entre l'Association et la Société des producteurs de thé de l'Ouganda). Signé à Washington, le 15 septembre 1967**

*Texte officiel anglais.*

*Enregistré par l'Association internationale de développement le 5 juillet 1968.*

No. 9148. DEVELOPMENT CREDIT AGREEMENT<sup>1</sup> (UGANDA TEA GROWERS CORPORATION PROJECT) BETWEEN THE REPUBLIC OF UGANDA AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION. SIGNED AT WASHINGTON, ON 15 SEPTEMBER 1967

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AGREEMENT, dated September 15, 1967, between REPUBLIC OF UGANDA (hereinafter called the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association).

WHEREAS (A) The Borrower and the Uganda Tea Growers Corporation (hereinafter called UTGC), a statutory body established by The Uganda Tea Growers Corporation Act, 1966 of the Borrower, are executing a project for the development of tea production by smallholders ;

(B) The Commonwealth Development Corporation (hereinafter called CDC), a corporation established under the Overseas Resources Act, 1948 of the United Kingdom, intends to enter into an agreement with the Government of the Borrower and UTGC providing, *inter alia*, for a loan of up to £ 301,000 sterling in the currency of the United Kingdom of Great Britain and Northern Ireland from CDC to UTGC for the field sector of this project ;

(C) CDC intends, provided certain conditions are fulfilled, to contribute towards the financing of the tea factories forming a part of this project and in connection with the financing of such factories UTGC may borrow additional amounts from other lenders including Agricultural Enterprises Limited and the Government of the Borrower ;

(D) The Government of the Borrower and UTGC have entered into an agreement dated March 8, 1967 providing, *inter alia*, for the supplying by the Government of the Borrower of the field staff required for the proper carrying out of this project and the necessary housing and transport facilities for such staff ;

(E) The Uganda Land Commission has entered into an agreement with UTGC dated February 1, 1967 in respect of the sale to UTGC of 1,000 acres of land (including 200 acres of established tea) in the Munobwa

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<sup>1</sup> Came into force on 31 January 1968, upon notification by the Association to the Government of Uganda.

area of Uganda adjacent to the existing Tea Research Station on terms which provide that UTGC is to have the exclusive use of such land from the date of such agreement and that UTGC is to pay the purchase price of such land amounting to 1,333,280 Uganda shillings, without interest being added, in 20 equal annual installments beginning in the eleventh year from the date of such agreement ;

(F) The Borrower has provided UTGC, on the same financial terms referred to in RECITAL (E), a credit amounting to 331,400 Uganda shillings for the purchase of buildings, equipment, furniture and tea stumps existing on the land referred to in RECITAL (E) and for compensating the tenants thereon ;

(G) The Borrower and UTGC have requested the Association to assist in the financing of this project for the development of tea production ; and

(H) The Association is willing to make a development credit available on the terms and conditions provided herein and in a project agreement of even date herewith <sup>1</sup> between the Association and UTGC ;

NOW THEREFORE the parties hereto hereby agree as follows :

### *Article I*

#### CREDIT REGULATIONS ; SPECIAL DEFINITIONS

*Section 1.01.* The parties to this Agreement accept all the provisions of Development Credit Regulations No. 1 of the Association dated June 1, 1961 as amended February 9, 1967 <sup>2</sup> with the same force and effect as if they were fully set forth herein subject, however, to the following modifications thereof (said Development Credit Regulations No. 1 as so modified being hereinafter called the Regulations) :

(a) Subparagraph (c) of Section 5.02 is amended by deleting the words, "or any bonds or other obligations issued thereunder" and substituting therefor the words "or the loan agreement between the Uganda Protectorate and the Bank dated March 29, 1961 <sup>3</sup> or under the letter of guarantee executed by the Acting Governor of the Uganda Protectorate dated June 1, 1955 or under any bonds or other obligations issued under any such agreement."

(b) Section 6.02 is amended by inserting the words "or the Project Agreement" after the words "the Development Credit Agreement."

<sup>1</sup> See p. 136 of this volume.

<sup>2</sup> See p. 134 of this volume.

<sup>3</sup> United Nations, *Treaty Series*, Vol. 415, p. 299.

(c) The following subparagraph is added to Section 9.01 :

“ 13. The term ‘ Project Agreement ’ shall have the meaning set forth in the Development Credit Agreement. ”

*Section 1.02.* Wherever used in this Agreement or in the Schedule thereto, unless the context shall otherwise require, the following terms shall have the following meanings :

(a) The term ‘ Project Agreement ’ means the agreement between the Association and UTGC of even date herewith, providing for the carrying out of the Project, as the same shall be amended from time to time by agreement between the Borrower, the Association and UTGC.

(b) The term ‘ Supervision Agreement ’ means the agreement between the Government of the Borrower and UTGC referred to in Recital (D) of this Agreement, as the same shall be amended from time to time with the approval of the Association.

(c) The term ‘ Subsidiary Loan Agreement ’ means the agreement referred to in Section 4.02 (a) of this Agreement to be entered into between the Government of the Borrower and UTGC, as the same shall be amended from time to time with the approval of the Association.

## *Article II*

### THE CREDIT

*Section 2.01.* The Association agrees to make available to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, a development credit in an amount in various currencies equivalent to three million four hundred thousand dollars (\$ 3,400,000).

*Section 2.02.* The Association shall open a Credit Account in the name of the Borrower and shall credit to such Credit Account the amount of the Credit. The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, the Development Credit Agreement.

*Section 2.03.* Except as the Borrower and the Association shall otherwise agree :

(a) the Borrower shall be entitled, subject to the provisions of the Development Credit Agreement, to withdraw from the Credit Account in such freely convertible currencies as the Association shall reasonably select :

- (i) amounts, up to the equivalent of \$ 2,600,000, equivalent to 75 % of
- (x) such amounts as shall have been expended on Part A of the field sector of the Project less (y) the revenues of UTGC during the period of such expenditures ; provided, however, that no withdrawals shall be made pursuant to this paragraph (i) unless the Borrower shall certify

in respect of each withdrawal that UTGC has applied to CDC for a withdrawal in connection with the loan referred to in Recital (B) of this Agreement in an amount equivalent to  $33\frac{1}{3}\%$  of the amount to be withdrawn from the Credit Account pursuant to this paragraph (i) and that no circumstances exist which would justify the denial by CDC of such application ; and

(ii) amounts, up to the equivalent of \$ 800,000, equivalent to 80 % of such amounts as shall have been expended on Part B of the field sector of the Project ; and

(b) no withdrawal shall be made on account of expenditures incurred prior to September 15, 1966.

*Section 2.04.* The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1 %) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

*Section 2.05.* Service charges shall be payable semi-annually on February 1 and August 1 in each year.

*Section 2.06.* The Borrower shall repay the principal of the Credit withdrawn from the Credit Account in semi-annual installments payable on each February 1 and August 1 commencing August 1, 1977 and ending February 1, 2017, each installment to and including the installment payable on February 1, 1987 to be one-half of one per cent ( $\frac{1}{2}$  of 1 %) of such principal amount, and each installment thereafter to be one and one-half per cent ( $1\frac{1}{2}\%$ ) of such principal amount.

*Section 2.07.* The currency of the United Kingdom of Great Britain and Northern Ireland is hereby specified for the purposes of Section 3.02 of the Regulations.

### *Article III*

#### USE OF THE PROCEEDS OF THE CREDIT

*Section 3.01.* The Borrower shall cause the proceeds of the Credit to be applied in accordance with the provisions of the Development Credit Agreement to expenditures, or to reimbursement of expenditures, for the field sector of the Project described in the Schedule to this Agreement.

### *Article IV*

#### PARTICULAR COVENANTS

*Section 4.01.* (a) The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound agricultural, engineering and financial standards and practices.

(b) The Borrower shall take all action which shall be necessary on its part to enable UTGC to perform all its obligations under the Project Agreement and shall not take any action that would interfere with the performance of such obligations by UTGC.

(c) The Borrower shall cause UTGC to have experienced and competent management.

(d) The Borrower shall consult the Association about any proposed appointment of the Chairman and General Manager of UTGC sufficiently in advance of such appointment for the Association to have adequate opportunity to comment on it.

*Section 4.02.* (a) The Borrower shall relend the part of the proceeds of the Credit withdrawn pursuant to Section 2.03 (a) (i) of this Agreement or the equivalent thereof to UTGC on terms and conditions satisfactory to the Association pursuant to a loan agreement satisfactory to the Association.

(b) The Borrower shall exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association, and, except as the Association shall otherwise agree, the Borrower shall not amend, assign, abrogate or waive any provision of the Subsidiary Loan Agreement.

(c) The Borrower shall at all times make or cause to be made available to UTGC, promptly as needed, all funds and other resources which shall be required for the carrying out of the Project and in particular shall cause to be provided or provide processing facilities for tea and the necessary funds therefor as and when required.

(d) The Borrower shall perform all its obligations under the Supervision Agreement and, except with the approval of the Association, shall not amend or abrogate the Supervision Agreement.

*Section 4.03.* (a) The Borrower and the Association shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

*Section 4.04.* The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

*Section 4.05.* This Agreement, the Project Agreement and the Subsidiary Loan Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, delivery or registration thereof.

*Section 4.06.* The Borrower shall construct, as required, and shall maintain all roads necessary to enable UTGC to collect leaf from growers producing tea under the Project and to deliver such leaf to the factories which are to process it. Such roads shall be constructed and maintained to standards adequate to permit the efficient collection and delivery of such leaf in all but very wet conditions.

*Section 4.07.* The Borrower shall cause UTGC to collect revenue and capital levies on green leaf delivered under the Project for processing at rates agreed from time to time between the Borrower and the Association.

#### Article V

##### REMEDIES OF THE ASSOCIATION

*Section 5.01.* (i) If any event specified in paragraph (a) or paragraph (c) of Section 5.02 of the Regulations shall occur and shall continue for a period of thirty days, or (ii) if any event specified in paragraph (b) of Section 5.02 of the Regulations or in Section 5.02 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower, then at any subsequent time during the continuance thereof the Association, at its option, may declare the principal of the Credit then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement to the contrary notwithstanding.

*Section 5.02.* For the purposes of paragraph (k) of Section 5.02 of the Regulations, the following additional events are specified:

(a) UTGC shall have failed to perform any covenant or agreement of UTGC under the Project Agreement.

(b) Before the Project Agreement shall have terminated in accordance with its terms, the Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of UTGC or for the suspension of its operations.

(c) Before the Project Agreement shall have terminated in accordance with its terms, the Uganda Tea Growers Corporation Act, 1966 of the Borrower shall have been materially amended without the agreement of the Association.

### Article VI

#### EFFECTIVE DATE ; TERMINATION

*Section 6.01.* The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 8.01 (b) of the Regulations :

(a) the execution and delivery of the Project Agreement on behalf of UTGC have been duly authorized or ratified by all necessary corporate and governmental action ;

(b) the Subsidiary Loan Agreement has been duly executed in form satisfactory to the Association and has become fully effective and binding on the parties thereto in accordance with its terms subject only to the effectiveness of this Agreement ;

(c) the Government of the Borrower, UTGC and CDC have entered into the agreement referred to in Recital (B) hereof (which agreement may be combined with the Subsidiary Loan Agreement) and such agreement has become fully effective and binding on the parties thereto in accordance with its terms subject only to the effectiveness of this Agreement ;

(d) the Uganda Tea Growers Corporation Act, 1966 of the Borrower has been amended to enable the appropriate Minister of the Borrower to make regulations providing for the compulsory registration of tea growers under the said Act ; and

(e) the regulations referred to in the foregoing paragraph (d) have been duly made in accordance with the said amendment, and all necessary action has been taken to enable UTGC to collect the revenue and capital levies referred to in Section 4.07 of this Agreement.

*Section 6.02.* The following are specified as additional matters within the meaning of Section 8.02 (b) of the Regulations, to be included in the opinion or opinions to be furnished to the Association :

(a) that the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, UTGC and constitutes a valid and binding obligation of UTGC in accordance with its terms ;



(b) that the agreements referred to in paragraph (b) and (c) of Section 6.01 of this Agreement have been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto and constitute valid and binding obligations of the parties thereto in accordance with their terms ;

(c) that the Supervision Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the parties thereto and constitutes valid and binding obligations of the parties thereto in accordance with its terms ; and

(d) that the agreement referred to in Recital (E) of this Agreement has been duly authorized and ratified by, and executed and delivered on behalf of, the parties thereto and constitutes valid and binding obligations of the parties thereto in accordance with their terms.

*Section 6.03.* If this Development Credit Agreement shall not have come into force and effect by December 15, 1967, this Development Credit Agreement and all obligations of the parties hereunder shall terminate, unless the Association, after consideration of the reasons for the delay, establishes a later date for purposes of this Section. The Association shall promptly notify the Borrower and UTGC of such later date.

*Section 6.04.* Upon termination of the Project Agreement in accordance with its terms, the obligations of the Borrower with respect to the Project, UTGC and tea produced or processed under the Project shall forthwith terminate.

## Article VII

### MISCELLANEOUS

*Section 7.01.* The Closing Date shall be December 31, 1971, or such other date as may from time to time be agreed between the Borrower and the Association.

*Section 7.02.* The following addresses are specified for the purposes of Section 7.01 of the Regulations :

For the Borrower :

Secretary to the Treasury  
P.O. Box 103  
Entebbe, Uganda

Cable address :

Finsec  
Entebbe

For the Association :

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address :

Indevas  
Washington, D.C.

*Section 7.03.* The Minister of the Borrower for the time being responsible for finance is designated for the purposes of Section 7.03 of the Regulations.

IN WITNESS WHEREOF, the parties hereto acting through their representatives thereunto duly authorized, have caused this Development Credit Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Republic of Uganda :

By Erifasi OTEMA-ALLIMADI  
Authorized Representative

International Development Association :

By J. Burke KNAPP  
Vice President

## SCHEDULE

### DESCRIPTION OF PROJECT

The Project is a part of the smallholder tea development program of UTGC and the Borrower. The Project consists of a field sector and a factory sector.

The field sector of the Project, covering 4,000 acres planted prior to January 1, 1966 and approximately 9,700 acres planted or to be planted thereafter, consists of two parts.

Part A of the field sector includes the following :

- (a) the securing, and distribution to qualified smallholders, of wellgrown planting material and the providing of credit to such smallholders for the purchase of such planting material under the planting program for the years 1966 through 1970 specified below, on the basis of up to 100 % credit for such planting material for the first five acres of

tea planted by any smallholder and up to 50 % credit for seedlings for an additional five acres. The planting program is as follows : 1,325 acres in the year ending December 31, 1966, 1,375 acres in the year ending December 31, 1967, 2,320 acres in the year ending December 31, 1968, 2,320 acres in the year ending December 31, 1969 and 2,360 acres in the year ending December 31, 1970. Under this program tea will be planted in the following planting areas : Toro, Ankole, Kigezi, Bunyoro, N.W. Mubende and the Mityana, Lugazi and Masaka areas of Buganda ;

- (b) the securing and distribution to qualified smallholders, of fertilizers for immature tea (during the first four years after planting) and the providing of credit to such smallholders for the purchase of fertilizers on the same basis as specified in (a) above ;
- (c) the provision of a training center for smallholders and for staff supervising smallholder tea cultivation in the field ; and
- (d) the organizing and financing of the collection, inspection and transportation to factories of green leaf.

Part B of the field sector includes the following :

- (a) the supervision in the field, through staff to be provided by the Government of the Borrower as provided in the Supervision Agreement, of smallholder tea cultivation and the provision of housing and transportation for such staff ;
- (b) the organization and supervision, through staff provided by the Government of the Borrower, of tea growers' cooperatives ; and
- (c) the training, through staff provided by the Government of the Borrower, of smallholders either at the training center referred to in sub-paragraph (c) of Part A or in the field.

The factory sector of the Project includes the extension of the existing factories and/or the construction and operation of new factories, as needed for the processing of smallholder tea.

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT REGULATIONS No. 1, DATED 1 JUNE 1961,  
AS AMENDED 9 FEBRUARY 1967

REGULATIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS WITH MEMBER  
GOVERNMENTS

[Not published herein. See *United Nations, Treaty Series, Vol. 617, under No. 8907*]

## PROJECT AGREEMENT

*(UGANDA TEA GROWERS CORPORATION PROJECT)*

AGREEMENT, dated September 15, 1967, between INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and UGANDA TEA GROWERS CORPORATION (hereinafter called UTGC), a statutory body established by the *Uganda Tea Growers Corporation Act*, 1966 of the Republic of Uganda.

WHEREAS by an agreement of even date herewith<sup>1</sup> between the Republic of Uganda (hereinafter called the Borrower) and the Association, which agreement, the schedule thereto and Development Credit Regulations No. 1 dated June 1, 1961 as amended February 9, 1967<sup>2</sup> of the Association made applicable thereto are hereinafter called the Development Credit Agreement, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to three million four hundred thousand dollars (\$ 3,400,000), on the terms and conditions set forth in the Development Credit Agreement, but only on condition that UTGC agree to undertake certain obligations to the Association as hereinafter provided ; and

WHEREAS UTGC, in consideration of the Association's entering into the Development Credit Agreement with the Borrower, has agreed to undertake the obligations hereinafter set forth ;

NOW THEREFORE the parties hereto hereby agree as follows :

*Article I*

## DEFINITIONS

*Section 1.01.* Wherever used in this Agreement, unless the context shall otherwise require, the several terms defined in the Development Credit Agreement shall have the respective meanings therein set forth.

*Article II*

## PARTICULAR COVENANTS OF UTGC

*Section 2.01.* (a) UTGC shall carry out and complete, or cause to be carried out and completed, the Project with due diligence and efficiency and in conformity with sound agricultural, engineering and financial standards and practices.

(b) UTGC shall furnish to the Association, promptly upon their preparation, the plans and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall from time to time request.

(c) UTGC shall maintain records adequate to show the expenditures of the proceeds of the Credit and to record the progress of the Project (including the cost

<sup>1</sup> See p. 116 of this volume.

<sup>2</sup> See p. 134 of this volume.

thereof) ; shall maintain records adequate to reflect in accordance with consistently maintained sound accounting practices the operations and financial condition of UTGC ; shall enable the Association's representatives to inspect the Project and any relevant records and documents ; and shall furnish to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project and the operations and financial condition of UTGC.

(d) UTGC shall have its financial statements (balance sheet and related statement of earnings and expenses) certified semi-annually by an independent accountant or accounting firm acceptable to the Association and shall promptly after their preparation and not later than three months after the close of the accounting period to which they apply transmit to the Association certified copies of such statements and a signed copy of the accountant's or accounting firm's report.

*Section 2.02.* (a) The Association and UTGC shall cooperate fully to assure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request.

(b) The Association and UTGC shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit. UTGC shall promptly inform the Association and the Borrower of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the performance by UTGC of its obligations under this agreement, or the Subsidiary Loan Agreement, or which shall increase or threaten to increase materially the estimated cost of the Project.

*Section 2.03.* UTGC shall operate and maintain its factories, equipment and property, and from time to time make all necessary renewals and repairs thereof, all in accordance with sound engineering standards ; and shall at all times manage its affairs, field operations and factories and maintain its financial position in accordance with sound agricultural, commercial and financial practices and under the supervision of experienced and competent management.

*Section 2.04.* UTGC shall duly perform all its obligations under the Subsidiary Loan Agreement. Except as the Association and UTGC shall otherwise agree, UTGC shall not take or concur in any action which would have the effect of amending, abrogating, assigning or waiving any provision of the Subsidiary Loan Agreement.

*Section 2.05.* Except as the Association shall otherwise agree, UTGC shall incur no indebtedness for money borrowed other than (i) the indebtedness referred to in the Recitals of the Development Credit Agreement and (ii) short-term indebtedness up to an aggregate amount at any one time outstanding of 1,200,000 Uganda shillings. For purposes of this Section, short-term indebtedness shall be deemed to be any debt maturing on demand or by its terms within 12 months after the date on which it is originally incurred.

*Section 2.06.* Except as the Association shall otherwise agree, in scheduling or rescheduling the planting of the approximately 9,700 acres of tea to be planted under the Project UTGC shall not increase by more than 10 % in each of the calendar

years 1967 and 1968 or by more than 20 % in each of the calendar years 1969 and 1970 the number of acres of tea to be planted in that year as set out in the Schedule to the Development Credit Agreement.

*Section 2.07.* Except as the Association shall otherwise agree, UTGC shall not sell or approve the sale of shares in tea factories constructed as part of the Project to persons other than tea growers, or cooperatives formed by tea growers, participating in the Project, CDC or companies participating in the financing or management of such factories.

*Section 2.08.* UTGC shall consult the Association on the uses of any surplus funds arising from the Project.

*Section 2.09.* UTGC shall consult the Association about any proposed appointment to the positions of deputy general manager, chief accounting officer and chief technical officer, however these positions may be designated, sufficiently in advance of such appointment for the Association to have adequate opportunity to comment on it.

*Section 2.10.* Except as the Association shall otherwise agree, UTGC shall not, prior to the completion of the planting program set out in the Schedule to the Development Credit Agreement, undertake responsibilities for supervising, managing or financing the planting of any tea not included in the Project or undertake responsibilities for the recurrent provision of technical assistance with respect to such planting.

*Section 2.11.* In the event that the UTGC establishes or acquires any subsidiary, UTGC shall cause such subsidiary to observe and perform the obligations of UTGC hereunder to the extent to which the same can be applied thereto, as though such obligations were binding on such subsidiary.

### *Article III*

#### EFFECTIVE DATE ; TERMINATION

*Section 3.01.* This Agreement shall come into force and effect on the Effective Date. If the Development Credit Agreement terminates pursuant to Section 6.03 thereof, this Project Agreement and all obligations of the parties hereunder shall terminate.

*Section 3.02.* This Agreement and all obligations of UTGC and of the Association hereunder shall terminate on the later of

- (i) the date when the Subsidiary Loan Agreement shall terminate in accordance with its terms or
- (ii) December 31, 1986.

*Article IV*

## MISCELLANEOUS PROVISIONS

*Section 4.01.* Any notice, demand or request required or permitted to be given or made under this Agreement and any agreement between the parties contemplated by this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable or radiogram to the party to which it is required or permitted to be given or made at its address hereinafter specified, or at such other address as such party shall have designated by notice to the party giving such notice or making such demand or request. The addresses so specified are :

For UTGC :

Uganda Tea Growers Corporation

P.O. Box 4957

Kampala, Uganda

Cable address :

Teagrowers

Kampala

For the Association :

International Development Association

1818 H Street, N.W.

Washington, D.C. 20433

United States of America

Cable address :

Indevas

Washington, D.C.

*Section 4.02.* Any action required or permitted to be taken, and any documents required or permitted to be executed, under this Agreement on behalf of UTGC may be taken or executed by the Chairman of UTGC or such other person or persons as UTGC shall designate in writing.

*Section 4.03.* UTGC shall furnish to the Association sufficient evidence of the authority of the person or persons who will, on behalf of UTGC, take any action or execute any documents required or permitted to be taken or executed by UTGC pursuant to any of the provisions of this Agreement and the authenticated specimen signature of each such person.

*Section 4.04.* This Agreement may be executed in several counterparts, each of which shall be an original and all collectively but one instrument.

IN WITNESS WHEREOF, the parties hereto, have caused this Agreement to be executed in their respective names by their representatives thereunto duly authorized and delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Development Association :

*By* J. Burke KNAPP  
Vice President

Uganda Tea Growers Corporation :

*By* Erifasi OTEMA-ALLIMADI  
Authorized Representative